

The PRESIDING OFFICER. Without objection, it is so ordered.

ECONOMY

Mr. PORTMAN. Mr. President, I am here on the floor of the Senate today to talk about our economy, talk about the new massive tax hikes that Democrats in the House of Representatives have now proposed to pay for the \$3.5 trillion spending spree that is called “reconciliation.” I want to talk about why it is bad for American workers, why it is bad for our economy, bad for small businesses, and bad for American families.

They call it the Build Back Better plan, but it is really tearing down what helped us to be better and what helped to make us a more fair economy and an opportunity economy, by getting rid of the positive aspects of the 2017 tax reform and tax cut legislation and, instead, putting in place massive new tax increases.

By the way, these tax increases go even beyond eliminating the tax relief that was provided in 2017. In many cases, it provides additional tax increases even higher than we had before 2017.

We had a historically strong economy leading up to COVID-19, in large measure because of this 2017 Tax Cuts and Jobs Act, which focused on expanding opportunities for businesses to grow; for families to take home more of their hard-earned cash; and for the United States, as a country, to be able to compete globally. It made us more competitive.

As a result, before COVID-19, we saw record growth in jobs and wages. In February of 2020, as we were getting into the COVID-19 pandemic, we had 19 straight months of job growth and wage growth of over 3 percent annualized. For 19 straight months, we had seen wages go up every single month. We had wages above inflation for the first time really in a decade and a half in my home State of Ohio.

This benefit in wages went mostly to lower-income workers and middle-income workers—exactly what you would want. This follows a study by the non-partisan Congressional Budget Office, or CBO, that found that 70 percent of corporate tax cuts end up going into workers’ wages—70 percent goes into workers’ wages and benefits.

So it all made sense. As we made America more competitive, as we made our businesses more competitive—small businesses and large businesses—what we saw was wages going up and wages going up for everybody. But, again, the highest percentage increases were actually among those who were at the lower end of the income scale, or middle-income workers.

During that time period, just before COVID-19 hit, we also tied the 50-year low in unemployment. We had 3.5 percent unemployment. We had historic lows in unemployment, by the way, the lowest ever for certain groups in our economy, including Black workers and Hispanic workers.

We had, in 2019, a median income for U.S. households that had the largest inflation-adjusted gain going back to at least 1967. So you had to go back to the 1960s to find incomes rising that much.

And before the pandemic, we had the lowest poverty rate ever recorded. So for the 60 years we have been recording the poverty rate in this country, it was the lowest it had ever been, going into the pandemic. That is good news. We should be celebrating that.

And, again, what Democrats are now talking about doing is going back and changing that very law by increasing taxes in a massive way that created so much of that opportunity.

Those 2017 reforms also helped the U.S. compete globally by stopping what were called corporate inversions that were a recurring problem during the Obama administration and during the first year of the Trump administration. This is where U.S. companies actually said: You know what, our tax laws are so bad in this country, we are going to invert, meaning we are going to become foreign companies.

So we had companies in my State of Ohio and other States around the country actually say: We are not going to be American companies anymore because we can’t compete with the Tax Code we have got here. We are going to become foreign companies.

A lot of us criticized that and strongly urged these companies not to do it, but the reality was our Tax Code was driving it; and that is one reason we changed the Tax Code in 2017, to stop this movement of jobs and investment overseas and to say we would rather have you invest here in America, and it worked.

Prior to that time, there was something called the lockout effect, where companies would keep their earnings overseas. They made money overseas, they kept it overseas, and they never brought it back to America. After this law, \$1.6 trillion in overseas earnings came back home to America to invest here and create jobs here.

As a result of these changes, by the way, the largest U.S. companies increased their domestic research and development spending—R&D spending—by 25 percent, to \$707 billion, and increased their capital expenditures by about 20 percent, to \$1.4 trillion.

That is good. We like that. We want more money to come back into America, invest in America, and increase research and development to make us more efficient and more technological and, therefore, more competitive and more productive. And we like the fact that there were capital expenditures going up because the Tax Code worked to create that incentive.

All of this should make it clear that the opportunity economy we had in those couple of years before COVID, thanks to the 2017 tax reform changes, largely worked for everybody. Workers took home larger paychecks. The average American family saved at least \$2,000 on their tax bill.

But this tax plan before us now would throw all that out. Again, it tears down what makes us better. The massive tax hike being pushed by President Biden and congressional Democrats would be the largest tax increase since 1968, and almost no aspect of the Tax Code is left untouched.

This include increases in estate taxes. Now, this is a problem because if you are a business and you want to pass along your business to the next generation, you got to be sure the estate tax isn’t so high that the government, in effect, has a confiscatory rate where you have to sell the business in order to pay the taxes.

Capital gains taxes go up. This is taxes going up on investment. We want to encourage capital gains because that is assets you hold for a while. We want to encourage more investment in this country. That creates jobs and makes us more productive.

It increases taxes on retirement accounts. It increases income taxes. It increases small business taxes. So if you are a small business owner in America, watch out. It increases corporate tax. We talked about how we lowered corporate taxes to make them more competitive, and the result was they created not just more jobs but higher paying jobs, and they brought the money back from overseas. And the list keeps going from there.

American workers and families will find themselves losing more of their hard-earned cash from all sides. Each of these proposed increases will be harmful. But as one of the people involved in the 2017 international tax reforms, I am particularly concerned about the effects of undoing the reforms we put in place there to make us more competitive, and, specifically, the issue of raising the corporate tax from 21 percent to 26.5 percent, as proposed.

Some, including here in the Senate, would like to raise that tax even higher.

What is the problem with that?

Well, it is pretty simple. Once again, America would have the highest corporate tax rate among all the developed countries in the world. That is not a good thing because it makes us less competitive. And it is about our workers. Ultimately, they are the ones who bear the burden, as we said.

At 26.5 percent, we would have a national average on the corporate side of 31 percent when you take into account the fact that we have State and local corporate taxes here. Other countries, for the most part, don’t do that. They have a Federal tax only. This means, again, we are going to have the highest corporate tax rate in the developed world.

By the way, our rate could also be higher than China. So it is not just developed countries; it is also countries like China, who we are competing with, that would have lower rates than us. It creates an unequal playing field and making it really hard—in some cases

impossible—for U.S. workers to compete against rivals in places like China, but also the European Union and elsewhere.

It also makes costly and complicated changes for U.S. companies to operate outside the United States, punishing American workers who have jobs here in support of those international sales. Remember, we are only about 5 percent of the global economy, and we are about 20, 25 percent of the GDP. The economic mass of our country is something that, you know, we want to grow because that creates more jobs here.

If you are a company in America that sells overseas, that is something we should encourage because it creates jobs here in America.

I will give you an example. In my own hometown of Cincinnati, OH, the Proctor & Gamble Company is there. They are a global company. They sell all over the world. We like that because it creates a lot of jobs in Cincinnati. About 40 percent of the jobs in Cincinnati—I don't know if they have maybe 13-, 14-, 15,000 jobs now in our area—40 percent of those jobs are there only because of the international sales. They support the international side of the business. So this notion that we are going to raise our taxes so high that you can't compete internationally because other countries have such lower rates that their companies are going to beat you in the marketplace every time, that takes away jobs in America. We want to be a country that does business overseas, that sells stuff overseas because that creates jobs here.

Under the Democrats' plan, investment in the United States will slow, and companies will begin, once again, saying: I am going to just become a foreign company. I hate that. We want more American companies here. They tend to take their jobs and investment with them when they do that, by the way, which makes sense.

As I said, according to multiple studies, including the nonpartisan Congressional Budget Office here in Washington, it is the workers who are going to bear the burden of higher taxes in the form of lower wages and benefits and lost jobs.

There was a 2017 study by another group called the Tax Foundation that found that 70 percent of corporate taxes are borne by workers. It is no surprise, then, that the nonpartisan Joint Committee on Taxation here in the Congress found that two-thirds of the Democrats' corporate tax hike would fall on lower and middle-income taxpayers, which includes the small businesses that file taxes as individuals.

Meanwhile, because of the huge tax increases we are talking about, companies are going to raise their prices. American families are going to feel the pain in the form of higher prices at the store, on top of the surging inflation we are already seeing, thanks to the Biden administration's spending policies they have already put in place.

That \$1.9 trillion, almost \$2 trillion in spending, so-called stimulus, that was one of the reasons, according to economists—right, left, and center—including Larry Summers, who is a prominent Democrat economist, that we see these huge inflation numbers, because when you throw that stimulus money out there, it increases inflation, which makes it more expensive to buy everything from gasoline to clothes and food. It makes the wage gains that we have been able to see recently much smaller than they would otherwise be because inflation is eating up those gains. So this is not what we want to do for our economy.

On the small business side, the vast majority of small businesses pay their taxes on their individual tax return. So about 80 or 90 percent of the businesses in Ohio or around the country don't pay their taxes as corporations. They pay their taxes as individuals. So think about the small businesses in your community. They are probably partnerships or what is called subchapter S companies, passthrough companies of some kind. They might be sole proprietors. But their tax bill comes due on their individual tax return. Unfortunately, the Democrats are increasing the taxes on those people too.

A lot of those people will be lumped into the expanded top bracket of the income tax code, and, therefore, they will be paying 39.6 percent income tax, plus a 3.8-percent surtax on small business income. So that takes them into a tax rate that is well above what they are paying now. They will be in the twenties now, and they will be in the forties under this new proposal.

You might say: Well, that is for people in the top bracket.

Well, those people in the top bracket are often small businesses. If you are a small business, all that revenue in the business is counted toward your revenue. You may take nothing out of the company. You may just take a dividend to just pay your taxes. That is what a lot of small companies do.

I grew up in a small company like that. You know, we would issue a dividend to pay the taxes, but our income included all the income of the company. And that is the way America works. That is the way our Tax Code works. Some have argued that it shouldn't work that way, but that is the way it works. So when you raise taxes on individuals, you are also raising taxes on a lot of these small businesses.

Adding to this, Democrats say they now want to eliminate the really important 20 percent deduction on qualified business income for small businesses.

So for all the passthrough companies in America, pay attention. You know, that 20 percent deduction that is out there, Democrats are now saying they want to eliminate that altogether.

That was designed to enable smaller businesses to be able to compete, to be able to have a level playing field be-

tween the corporations—the C corporations—that just tend to be the larger companies, and the passthrough companies.

Additionally, small businesses that earn over \$5 million will be saddled with an additional 3-percent surcharge under the Democrat plan. This means that so many of these small businesses that drive our economy, that are successful, that are employing so many people are going to have a harder time hiring workers or paying them competitive wages. Again, they tend to be smaller businesses, but they are the backbone of our company.

About half of the workers in America work for businesses like this. So they may be 80 or 90 percent of the businesses, but because they are smaller, they employ about half the people. But this is where we get so much of our innovation. This is where we have so many opportunities for lower income workers to get a start. This is where the American dream is found.

Under current policy, the Congressional Budget Office suspects that as the economy continues to recover from the pandemic, tax revenues will grow—and I quote them here—to “18.1 percent” of the economy, “GDP in 2022.” So next year, 18.1 percent of the economy will be tax revenues, and then “fluctuate between 17.5 percent and 18.1 percent” of our economy “through 2031.” So they are saying taxes as a percent of the economy will be somewhere between 17.5 and 18.1 percent between now and 2031, over the next 10 years; next year, 18.1 percent.

This is interesting because Democrats are saying, well, taxes need to be higher. The historical average is 17.3 percent. So the estimate from the nonpartisan Congressional Budget Office says we are going to be between 17.5 and 18.1, and next year, already, at 18.1 percent; whereas, the historical average is 17.3 percent. Even this year, as we are still recovering from the pandemic and tax receipts are less, it is expected to be 17.2 percent, based on the Congressional Budget Office.

So you have to think about this. Why is there this great urge to raise taxes right now? Why tear down what worked? Why put America in a position where we are paying higher and higher taxes as a percent of our economy?

Contributing to this revenue growth, the Congressional Budget Office projects that corporate tax receipts are going to climb to \$379 billion in 2023, or 1.5 percent of GDP. According to the Tax Foundation, this will be “a record high in nominal terms”—so that \$379 billion will be a record high in corporate tax receipts—“and nearly matching average corporate tax collections as a share of GDP” prior to the 2017 tax reform. So, again, I just ask people to think about this.

They say: Well, we need to tax companies more. Remember, you are taxing workers, according to the analysis of the Tax Foundation and the Congressional Budget Office. But, also,

those receipts are going to be at record levels and very close to, as a percent of the economy, where they were before the 2017 tax reform.

What we should take away from these findings is that the economy is growing as we come out of this pandemic. We know this to be true. We have known it for months, really.

The Congressional Budget Office projected way back in January that without any additional government help—no new COVID-19 packages, not including the \$1.9 trillion spending package that Congress passed in March—that the economy would fully recover by midyear. And they were right, even as much of that spending has not gone out yet from the \$1.9 trillion.

Payroll tax revenue has risen by about 4 percent, suggesting that workers are taking home bigger paychecks than before.

So the economy is beginning a nice recovery. We need it to continue. The last thing you want to do is to slap a bunch of taxes on the economy right now and have the economy go down and have workers, in particular, bear the brunt of that.

My question is: Why would you want to throw out a tax code that has helped fuel this unprecedented economic recovery we saw prepandemic and brought in more money in the process?

In 2017, with this tax reform, we helped usher in an economy powered by workers and powered by small businesses and powered by more competitive larger businesses. It wasn't powered by big spending here in Washington, DC. The results worked. It was truly historic.

Moving ahead, let's stay the course instead of hiking taxes and putting a damper on American prosperity and American opportunity for everybody to get ahead. A massive tax increase won't make us build back better. A massive tax increase will tear down what makes us better.

I yield back my time.

The PRESIDING OFFICER. The Senator from Minnesota.

FREEDOM TO VOTE ACT

Ms. KLOBUCHAR. Mr. President, I come to the floor to speak in support of very important new legislation, the Freedom to Vote Act, that I introduced yesterday with the members of the Voting Rights Working Group assembled by Leader SCHUMER, which includes Senator MANCHIN; Senator MERKLEY, who is here with us today on the floor and who has been such a leader on voting issues, including the For the People Act; Senator PADILLA; and Senators KING, KAINE, TESTER, and WARNOCK.

The freedom to vote is fundamental to all of our freedoms. Following the 2020 elections in which more Americans voted than ever before, in the middle of a public health crisis, we have seen unprecedented attacks on our democracy in States across the country. These attacks demand an immediate Federal response.

The Freedom to Vote Act will set basic national standards to make sure all Americans can cast their ballots in the way that works best for them, regardless of what ZIP Code they live in.

I want to thank Senator SCHUMER for his leadership in pulling together our working group that got this legislation across the finish line and, as I mentioned, Senators MERKLEY and MANCHIN for their work on this crucial bill.

It has been over 8 months since that violent mob of insurrectionists stormed through this very spot and desecrated our Capitol, the temple of our democracy. They opened the desks in this Chamber. They got up and sat at that desk where you are sitting now, Mr. President. It was an attack on our Republic.

And as I said from the inaugural stage just 2 weeks later under that beautiful blue sky, at the very place where you could still see the spray paint at the bottom of the columns and the makeshift windows behind us, "This is the day our democracy picks itself up, brushes off the dust, and does what America always does: goes forward as a nation, under God, indivisible, with liberty and justice for all."

We took back our democracy that day with Democrats, Republicans, and Independents all sitting at that platform, seeing a new President and Vice President be inaugurated. We took back our democracy that day, and we will take it back this day with this new bill, with the support of 78 percent of Americans who favor 2 weeks of early voting, a very important provision in this bill, and 83 percent of voters who support public disclosures of all contributions. We will take it back again from those who are trying to take away people's constitutional right to vote.

With over 400 bills introduced in nearly every State to limit the freedom to vote, we can't simply sit back and watch our democracy be threatened again. Whether it is threatened with bear spray and crowbars and axes or long lines or the elimination of ballot boxes or the secret money, it is still under siege. When we are faced with a coordinated effort across the country to limit the freedom to vote, we must stand up and do what is right.

Sometimes people say: What is going on? It worked so well during the pandemic, during a public health crisis. More people voted than ever before.

Well, that is because they voted by mail. That is because some States, both blue States and red States, changed their laws to make it easier to vote, while still protecting the sanctity of the vote.

So why is this happening? Well, I think our colleague Senator Rev. RAPHAEL WARNOCK put it best when he said: "Some people don't want some people to vote." We will not stand for that because that is not how a democracy works.

Leader SCHUMER has said he will bring this new bill to a vote as soon as

next week because we know our democracy cannot wait. This bill builds on the framework put forward by Senator MANCHIN in June and includes many of the key reforms in the For the People Act, guaranteeing all Americans, as I noted, access to at least 15 days of early voting, including weekends.

Look at what just happened in Georgia. We just had a field hearing down there with the Rules Committee. In Georgia, all of a sudden they passed a law that says, yeah, you can vote on weekends early on, but when it counts in a runoff period, in those last 28 days, you can't vote on weekends anymore. That is only done for one reason: to make it harder for people to vote. That is why this bill is so important.

What else does it do? It ensures that all voters can cast a mail-in ballot and makes it easier to register to vote. That is pretty important as we see Republican, Democrat, and Independent voters all across this country wanting to be able to cast mail-in ballots. It is the safest way for so many of them to vote, even today.

Some States even required them to get a notary signature in the middle of a pandemic, through a glass window, when they were in the hospital. You wonder why we want to have some Federal minimum standards in place.

What else? Increased transparency through the DISCLOSE Act. I already noted that over 80 percent of people in this country want to see that, whether they are Democrats, Republicans, or Independents. It would require super-PACs and issue advocacy groups to disclose donors who contribute more than \$10,000 and stop the use of transfers between organizations to cloak the identity, to hide the identity of the source of those contributions.

It would counter partisan interference in election administration and protect election officials because not only do we need to make sure people can vote, we need to make sure their vote is counted.

It would prevent voter purges by requiring States to use objective and reliable evidence to remove voters and prohibit the targeting of voters solely because they haven't voted recently, while giving election administrators flexibility to remove voters based on State records.

As Stacey Abrams has said, if you don't go to a meeting for a while, do you lose your right to assemble? No, you don't. If you don't go to a church or a synagogue or a mosque for a while, do you lose your right to exercise your right to religion? No, you don't. You shouldn't lose your right to vote.

It would also prohibit partisan gerrymandering, this bill will, so that voters choose their elected officials, not the other way around.

Now, my home State of Minnesota is a great example of how this can all work. When you make it easier for people to vote, they will vote. I never see this as a partisan issue.